DoD Headquarters Staff Reductions: Strategy and Plan

(Pursuant to Section 911(b) of the FY 1998 Defense Authorization Act and Section 932 of the FY 1999 Defense Authorization Act)

Section 911(b) of the FY 1998 Defense Authorization Act requires the Secretary of Defense to provide Congress a plan to achieve the personnel reductions stipulated in section 130a of Title 10, United States Code. The Department of Defense is to reduce headquarters staffs by five percent each year from FY 1998 through FY 2002, for a cumulative reduction of 25 percent by October 1, 2002 relative to the level of staffs on October 1, 1997.[1]

The staffs covered by this requirement presently comprise about 50 thousand civilian and military personnel – about 1.5 percent of total DoD personnel (year-end FY 1998). These staffs fall into four broad categories:

(a)   the staffs of the Military Departments – including Departmental headquarters, as well as the headquarters of the Services' combatant and functional commands;

(b)   the joint military headquarters staffs of the Chairman of the Joint Chiefs of Staff and the nine Unified Combatant Commanders in Chief (CINCs);

(c)   the headquarters staffs of the Defense Agencies and field activities; and

(d)   the staff of the Office of the Secretary of Defense.

These staffs perform a variety of functions, consistent with their roles and responsibilities under Title 10. Some perform the kinds of leadership, policy oversight, and management functions normally associated with the term "headquarters." The combatant and functional commands, however,

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[1]   Section 911(a) states: "Limitation – Effective October 1, 2002, the number of management head-quarters and headquarters support activities personnel in the Department of Defense may not exceed 75 percent of the baseline number." Paragraph (c) defines the baseline number as "the number of management headquarters and headquarters support activities personnel in the Department of Defense as of October 1, 1997." Paragraph (b) stipulates intermediate phased targets of five percent reductions in each of five fiscal years from FY 1998 through FY 2002.

have day-to-day operational responsibilities for planning, training, and readiness preparations for forces, as well as the execution of operations. Headquarters staffs also have responsibility for developing future forces through recruitment and training of personnel or through the development and acquisition of advanced weapons.

This report summarizes DoD's strategy and plans relating to headquarters reductions. The Department's current plans build upon a decade of effort to realign and downsize headquarters – by FY 2005, headquarters staffs will be reduced by 35 percent relative to FY 1989 levels. The first section describes the factors that have shaped headquarters staffing decisions, and how the management of headquarters staffs has been linked to the overall strategic direction of the Department. The second through fifth sections review the steps DoD has taken to assess, realign, and downsize staffs in each of the four categories of headquarters described above. Each section describes the factors that have determined decisions to date, and also describes DoD's plans for future reductions.

A sixth section describes two alternative scenarios for meeting current Congressional headquarters reduction targets and describes their potential impacts on current readiness and future military capabilities. The final section describes DoD's ongoing management strategy, embodied in the Secretary's Defense Reform Initiative, and highlights ongoing efforts to improve headquarters management effectiveness and efficiency.

SYNOPSIS

The main elements of DoD's plans for headquarters reductions, as they relate to the Congressional reporting requirement, may be summarized as follows.

- *DoD has taken many steps to reduce headquarters staffs over the last decade. Between 1989 and 1997, it achieved aggregate reductions of 28 percent (Table 1) – roughly the same proportion as the reduction in total personnel, and slightly deeper than the reduction in the total defense budget.*

- *Reductions are programmed to continue. By FY 2005, headquarters will be reduced 35 percent from FY 1989 levels.*

- *Headquarters are being reduced in accordance with the functions they perform. The Department has cut deeply where changes in function and workload permitted. It has allowed growth where necessary to meet new responsibilities – particularly in Joint Military headquarters. Programmed reductions are tailored to reflect each headquarters' roles established in Title 10, its history of prior reductions, and its changing workload as the security environment evolves.*

- *As required by Congress, this report examines alternative staffing scenarios that would achieve the reduction targets established in*

Section 130a of Title 10. These scenarios would reduce total DoD headquarters staffs by an average of about ten percent more than the existing DoD plan summarized in Table 1. (The Congressional requirement applies to the five years from 1997 to 2002.)

▪ *The Department finds there are serious risks in mandating reductions that go beyond the rates we have programmed. The Department already has made realignments and downsized staffs wherever possible. Mandating additional cuts will further increase staff workloads – perhaps beyond the breaking point -- jeopardizing functions that support operational readiness, future force development, and the performance of tasks necessary for effective management and accountability.*

▪ *The Department plans to maintain its ongoing defense management efforts through the Defense Reform Initiative. The DRI provides a systematic, fine-grained approach for pursuing management efficiencies, and continues to receive the strong commitment of the Secretary.*

TABLE 1: HEADQUARTERS REDUCTIONS (PERCENTAGE CHANGES)

Headquarters Category	FY 1989 to FY 1997	FY 1989 to FY 2005
Military Departments*	- 34	- 42
Joint Military**		
-- Joint Staff	-13	-23
-- Eight Unified Combatant Commands	0	-4
-- Special Operations Command	+42	+37
Defense Agencies	- 17	- 22
Office of the Secretary of Defense	- 10	- 26
Total DoD Headquarters	- 28	- 35

* Military Departments include Departmental headquarters and headquarters support, Combatant commands, Functional commands, and military assigned to international headquarters activities. The Military Department personnel assigned to the Joint Military and OSD are counted in those categories.
** The Special Operations Command is reported separately because of its functions and methods of staff accounting differ from those of the Joint Staff and other Unified Commands. (See the discussion of Joint Military headquarters in the text of the report.)

DEFENSE MANAGEMENT AND HEADQUARTERS STAFFS

Over the last decade, the Department of Defense has undergone significant changes, shaped by a range of external forces that began to emerge in the late 1980s. Foremost among these were the demise of the Warsaw Pact and the collapse of the Soviet Union. The end of the Cold War – and the emergence of other new challenges – have required a rethinking of national military strategy. The Department and external experts have reassessed strategy and force structures several times in the 1990s; the formulation strategy has thus been an ongoing process. A second force was the conceptualization early in the 1990s of the potential for the U.S. military to achieve a "Revolution in Military Affairs" (RMA). The Department has been pursuing ideas that could radically advance military capability through the use of information technologies combined with new operational concepts. New organizations and processes are exploring and testing the potential for such a revolution. Finally, a third force was the Defense budget reduction in the early 1990s, a reduction of nearly one-third, which accompanied the phasing down of the Cold War military posture. As a result, all components of the Department have been forced to adjust programs and policies in order to balance competing priorities within available resources.

In addition to these major changes in the strategic environment, the Department has continued with the implementation of the mandates of the Goldwater-Nichols Act of 1986. The Act significantly strengthened the role of the Chairman of the Joint Chiefs of Staff and the Unified Combatant Commanders in formulating military strategy, policy, and requirements. It thus fundamentally altered roles and responsibilities among national security organizations. The impacts of the Act are still being played out in the evolution of structures and decision-making processes.

The Department has responded to these forces through a series of steps. Several high-level reviews and initiatives have contributed significantly to this process. They helped shape the vision and environment for the day-to-day implementation through special management decisions, directives, and guidance, and through the normal programming and budgeting processes. Some key examples include:

- Defense Management Report and Defense Management Reforms

- Base Force and Bottom Up Review

- Commission on Roles and Missions of the Armed Forces

- Base Realignment and Closure Commission

- Quadrennial Defense Review

- Defense Reform Initiative.

Each of these efforts contributed to DoD's progress in establishing its vision for the strategy, forces, and support infrastructure needed to meet national security challenges. Today this vision is expressed in the Department's three strategic foundations that guide policy and programs.

- National Military Strategy. Developed in the Quadrennial Defense Review, it embodies three elements: Shape, Respond, and Prepare.

- Transformation Strategy. It establishes the vision and mechanisms to radically improve future military capabilities through the Revolution in Military Affairs. The goal is to achieve "full spectrum dominance" as outlined by the Chairman of the Joint Chiefs of Staff in Joint Vision 2010.

- Defense Reform Initiative (DRI). The Department intends to achieve fundamental reform in how the Defense Department conducts its business, especially in the supporting infrastructure.

In implementing these strategic foundations, the Department is drawing down forces, streamlining support structures, and instituting management improvements. By FY 2005, total DoD personnel will be reduced by 38 percent relative to FY 1989 levels.

Military strategy, forces, and headquarters have been extensively reshaped over the last decade. Forces have been drawn down, deployments revamped, and the base infrastructure partially consolidated. The Department has also changed roles and authorities among military commanders in order to implement the Goldwater-Nichols mandate to strengthen the role of the Chairman of the Joint Chiefs of Staff.

The Department also has put in place new processes for innovation and for developing future forces. These implement the Goldwater-Nichols mandate to strengthen Joint Military roles in setting the course for force development. Joint institutions are being created for developing new operational concepts, for conducting joint experiments, and for developing advanced technologies. The Chairman of the Joint Chiefs of Staff issued Joint Vision 2010 in 1996, creating a vision for future forces. In parallel, the Department is reforming and streamlining its formal acquisition process.

Substantial efficiency gains have been achieved in the support infrastructure. Early in the decade, DoD began the consolidation of major support functions within Defense Agencies under the Defense Management Reforms. Today, the Defense Reform Initiative is introducing new business methods, and already has divested a wide range of day-to-day program management activities that were being performed within the Office of the Secretary of Defense. The DRI provides an ongoing process for assessing and implementing management improvements.

Management of headquarters staffs

One component of these management initiatives was the realignment and downsizing of headquarters staffs. Each Secretary has sought efficiencies and economies in every headquarters component. They have demanded change by setting targets for cuts in headquarters staffs. But in implementing these targets, they have ensured that necessary functions would continue to be performed, and that the capability was preserved to address emerging security challenges.

The management of headquarters staffs has required an assessment of the functions they perform, and identification of those areas where headquarters staffs could be reduced as forces are drawn down and budgets reduced. Table 2 identifies major functions for each category of headquarters. These functions are highly diverse; they extend well beyond the kinds of Pentagon strategy, policy, and management functions that are normally associated with the term "headquarters." The number of headquarters personnel in each category in FY 1999 is also identified in the Table. (Appendix Table A provides historical and planned headquarters staffing levels.)

Of the total headquarters staffs of about 50,000 in FY 1999, about 11,500, or 23 percent, are in the top-level Pentagon staffs comprising the Military Departmental headquarters, the Joint Staff, and the Office of the Secretary of Defense. These staffs engage in the high-level government-to-government and military-to-military engagement activities, which support the "Shaping" element of the National Military Strategy. They are also accountable to the President, Congress, and the public. Financial management and reporting are essential functions of the Department of Defense that also cannot afford to be shortchanged.

The remaining 77 percent are in the Combatant Commands and Functional Commands in the Services and Joint Military, or in the Defense Agencies. These headquarters have responsibilities for the day-to-day operations of fielded forces, including planning, execution, and support. Headquarters staffs also perform much of the day-to-day work necessary for developing future forces. This effort includes developing and acquiring advanced weapons, and recruiting and training new generations of personnel.

In assessing possible reductions, the Department often has been constrained because headquarters workloads often do not go away when overall activities are reduced. One important example is the relationship between combatant headquarters and forces. So long as the U.S. remains a global power, headquarters leadership is needed to plan for, and prepare to address, events in many regions, regardless of the overall size of U.S. forces.

TABLE 2: FUNCTIONS PERFORMED BY HEADQUARTERS STAFFS

Headquarters Category (Staff in FY 1999)*	Headquarters Functions
Military Departments: -Departmental (8,229) -Combatant (11,484) -Functional (13,452)	▪ Military employment strategy, concepts, and doctrine ▪ Operational readiness functions: combatant force manning, training, and equipping. Operational planning and execution. Functional support capabilities. ▪ Force development functions: recruitment, training, hardware development and acquisition ▪ Engagement functions: presence and military-to-military relations ▪ Business process innovation ▪ Organizational and financial management, and accountability ▪ Communication with Congress and the public
Joint Military -Joint Staff (1,343) -CINC Staffs (4,942) -SOCOM (1,534)	▪ Military advice to the Secretary of Defense and the President ▪ Strategy, concepts, and joint doctrine ▪ Operational readiness functions: joint operational planning and execution; joint training and exercises ▪ Force development functions: operational concepts, joint experimentation, and requirements ▪ Engagement functions: Political-military relations and military to military relations ▪ Communication with Congress, the public, and foreign governments
Defense Agencies and Field Activities (4,593)	▪ Operational readiness functions: support capabilities ▪ Implementation of business process innovation ▪ Organizational and financial management, and accountability
Office of the Secretary of Defense (1,976)	▪ Political-military advice to the Secretary of Defense ▪ Strategy and policy oversight ▪ Force development functions: Acquisition oversight; readiness and personnel oversight; C4I oversight) ▪ Engagement functions: Government-to-government relations ▪ Leadership for business process innovation ▪ Organizational and financial management, and accountability ▪ Communication with Congress, the public, and foreign governments

* Source: PB22.

Moreover, there are important functional areas where workloads have increased despite the draw down in forces and the reductions in the defense budget. The sources of these increases in workload are discussed in the subsequent sections addressing the four categories of headquarters. Generally, increases have resulted from such factors the expansion of engagement activities; the new responsibilities placed on the Chairman of the Joint Chiefs of Staff; and the creation of the Special Operations Command along with the emergence of new missions and the enhancement of enduring missions relating to counter-terrorism, force protection, and information operations.

There also have been heavy workloads on headquarters associated with the high rates of operational tempo sustained in recent years. Operational tempo is high relative to recent history, as demonstrated by Joint Staff data on military operations for the period 1975-1995.

Period	Military Operations
1975-80	22
1981-85	28
1986-90	15
1991-95	<u>42</u>
Total	107

Source: Joint Staff

There also has been a trend toward longer deployments. This has meant that more U.S. personnel are deployed overseas for longer periods of time, as overall U.S. force levels are declining. These frequent and longer deployments have put an increased strain on headquarters staffs.

Current military operations in the Balkans, taking place concurrently with continued operations in Iraq, illustrate the workload and complexities of these operations. Adequate headquarters capability is needed to lead such ongoing operations, while still maintaining the capability to plan and prepare for other important missions, including major regional contingencies.

Finally, leadership tasks associated with developing and implementing the strategic foundations outlined earlier have created a substantial workload for headquarters staffs. Associated with this are the added burdens of managing the turbulence and uncertainty created by all these changes. Extensive programmatic and budgetary reviews have been required. Headquarters staffs have had to coordinate change across component organizations, as well as across the Executive Branch, and with the Congress.

DoD has sought whenever possible to meet these new headquarters workloads by reassigning personnel from other headquarters functional areas. The Department has taken deep cuts where possible, and has

permitted growth or made smaller reductions where workloads are growing. Staffs in areas with declining workloads that otherwise could have been released are thus being retrained and reassigned to meet the workloads in these other areas.

Headquarters reductions

The overall result of the Department's headquarters management initiatives will be to reduce staffs by 35 percent on average between FY 1989 and FY 2005. Figure 1 displays the reductions, along with two benchmarks for comparison: total DoD budgets and total DoD personnel. To date, headquarters staffs have been slightly more than the Defense budget. They have been reduced in roughly the same proportion as total DoD personnel. Programmed reductions in headquarters staffs will cause them to fall faster than total DoD personnel, and they will continue to be reduced even though the Defense budget is projected to increase slightly.
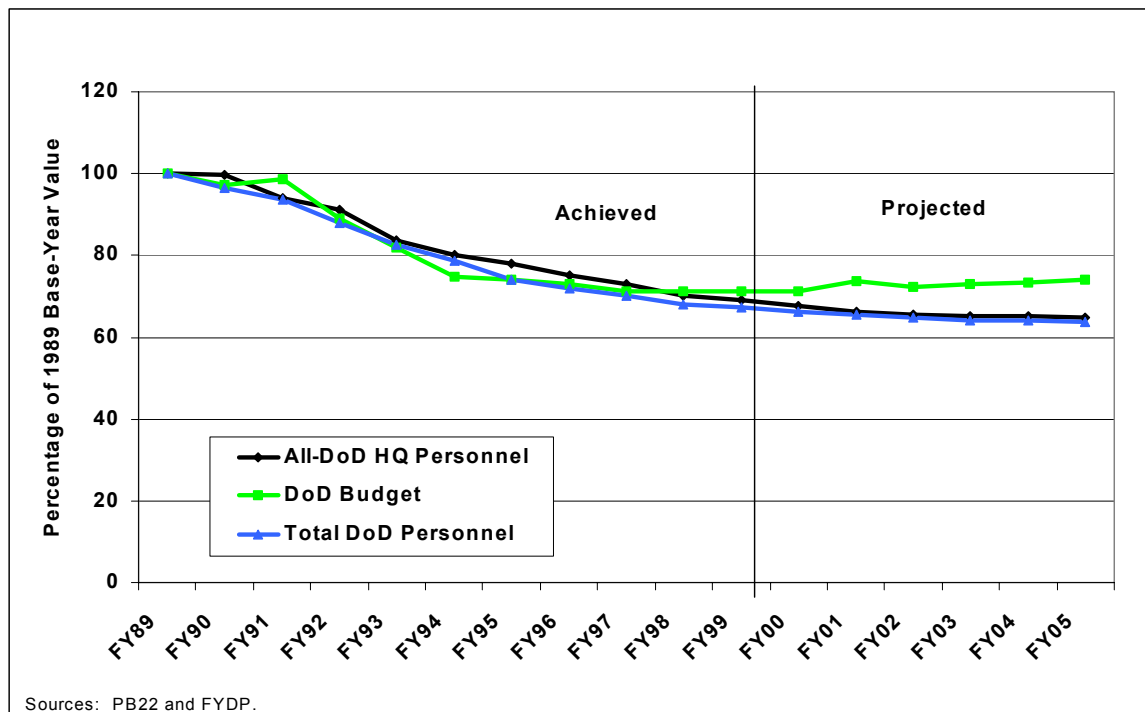

FIGURE 1. TRENDS IN DOD PERSONNEL AND BUDGETS

The Department is encouraged by the progress that has been made in evolving away from a Cold War force posture and infrastructure toward a force structure and infrastructure that is better equipped to deal with current

security challenges. Despite the growth in headquarters workloads in a number of important areas, the Department has nevertheless achieved headquarters reductions that are roughly in proportion with overall personnel and budgets.

These changes have required enormous commitment and energy from people at all levels of the Department – ranging from the field to the highest levels of headquarters. The job is not finished. The Department is committed to pursuing further management reforms through the Defense Reform Initiative. The process for this is outlined in the final section of this report. Each of the following sections reviews the functions performed by a category of headquarters, and describes the steps that have been taken to realign and downsize staffs.

MILITARY DEPARTMENT HEADQUARTERS

The Military Departments' employ three distinct kinds of headquarters staffs. (1) Departmental headquarters include the Secretariat supporting the Department Secretary, and the staff supporting the military Chief of Staff of each Service. (2) Combatant Commands lead the combat units assigned to one of the nine Unified Combatant Commands. For example, the Air Combat Command is a component command of the U.S Atlantic Command. (3) Functional Commands are responsible for support activities. Each Department has one or more functional commands responsible for nine functional areas.[2] For example, the Army Materiel Command is responsible for acquisition functions, and the Army Training and Doctrine Command is responsible for training functions.

The Military Department headquarters staffs perform a highly diverse range of roles and responsibilities. They also are widely dispersed geographically, both within the United States and worldwide. Table 3 summarizes the composition of these headquarters staffs in FY 1999.[3] The Departmental headquarters comprise about one-quarter of headquarters staffs; the remaining three-quarters are in the combatant or functional operational headquarters.

The headquarters staffs of the Military Departments have undergone intensive review, restructuring, and downsizing. In the period between FY 1989 and FY 1999, the Department of the Army cut total headquarters

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[2] These nine areas are: (1) Acquisition, Supply, and Logistics; (2) Readiness and Reserve Forces; (3) Training; (4) Weather Service; (5) Recruiting; (6) Communications and Data Automation; (7) Intelligence, Investigations, and Security; (8) Medical, and (9) Departmental Support. (Appendix A lists the Military Departments' combatant and functional headquarters.)

[3] The data in this section exclude personnel assigned to OSD, the Joint Staff and CINCs because these staffs are incorporated in the OSD and Joint Military sections. Service personnel assigned to international headquarters are included in this section. From FY 1989 to FY 2005, service personnel assigned to international headquarters will decline from 3,859 to 2,727 – a reduction of 29 percent.

staffs by 44 percent, the Department of the Navy, 33 percent, and the Department of the Air Force, 38 percent.

The downsizing of the Military Department staffs began with the Goldwater-Nichols Act in 1986, and led to a significant reorganization of Departmental headquarters. It established a ceiling for Departmental headquarters staffs, and realigned/consolidated the comptroller and research, development, and acquisition functions, making the civilian leadership more directly responsible for these areas.

A major driver for staff reductions in the early 1990s was the FY 1991 Defense Authorization Act. It directed a twenty-percent reduction over a five year period. At the same time, the Department instituted major consolidations of support functions under the Defense Management Reforms. As described in the section on the Defense Agencies, the consolidation of functional headquarters staffs has yielded significant DoD-wide efficiencies in the performance of common functions.

TABLE 3. MILITARY DEPARTMENT HEADQUARTERS STAFFS (FY 1999)

	Army	Navy Department	Air Force
Departmental Headquarters and Headquarters Support	2729 (26)*	2553 (25)	2947*** (24)
Combatant Commands	1828** (17)	3828 (38)	5828 (46)
Functional Commands	5917** (57)	3764 (37)	3771 (30)
Totals	10474	10145	12546

Source PB-22.

* Percentage of Department headquarters staff (in the three categories listed).

** The mix of Army headquarters between Combatant Commands and Functional Commands differs markedly from the mix in the other departments. This is because FORSCOM, which commands all U.S.-based Army units, is classified as a functional command. FORSCOM units are assigned to unified CINCs as necessary.

*** Includes Air Force Pentagon Communications Agency (OSD Support).

Each Military Department also implemented new strategies, doctrine, and tactics to meet the changing security environment. The Army developed a strategy for the future that it calls "Force XXI"; the Navy Department developed a combined Navy-Marine Corps strategy entitled "Forward -- From the Sea." The Air Force first focused on "Global Reach, Global Power," which has evolved to the "Global Engagement" strategy. As they adapted to these changes, the military also undertook independent initiatives to realign and downsize headquarters staffs in accordance with

their force structure and budget reductions. (Some of the specific steps taken by each Department are highlighted in subsequent subsections.)

Military Department headquarters staffing trends are displayed in Figure 2. Headquarters staffs have been cut slightly more than Service budgets; they have been reduced slightly less than total Service personnel.

The Military Departments have been significantly restructured and downsized, and the Department does not see the potential for radical new realignments that could markedly reduce these staffs below their current levels. The Department has determined, however, that the Military Departments should continue to seek efficiencies, and to spur further change it has programmed additional reductions in the Military Departments' headquarters staffs.
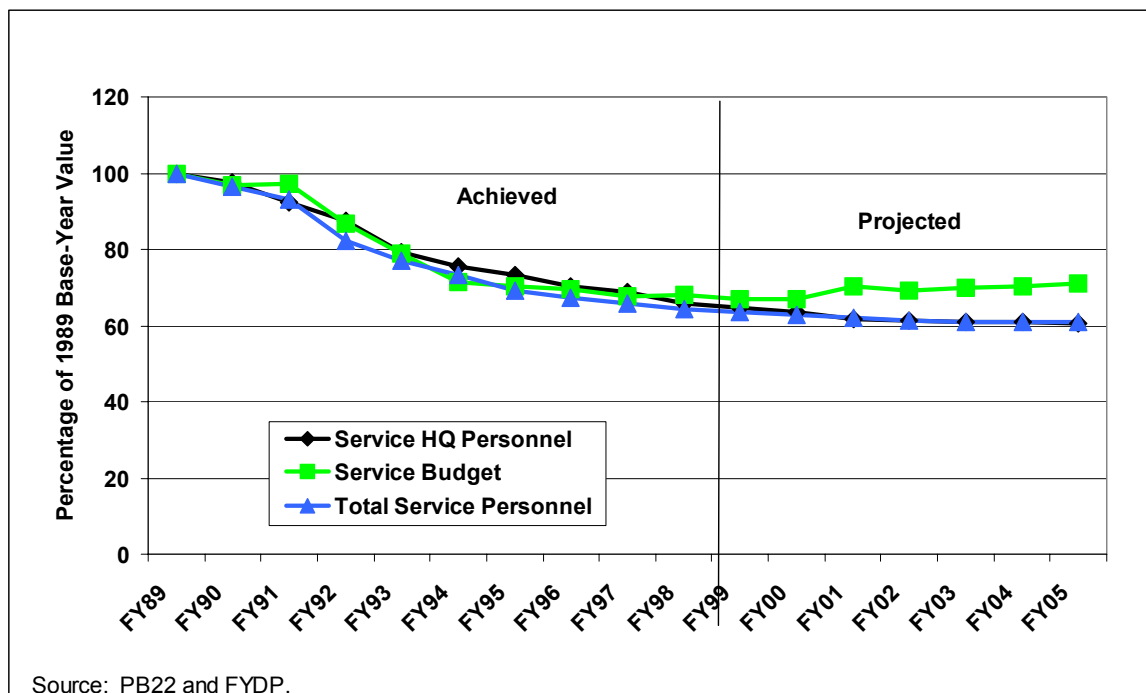
FIGURE 2. TRENDS IN MILITARY DEPARTMENT PERSONNEL AND BUDGETS

The specific actions taken in the three Military Departments are summarized in the following sections, along with their plans for future reductions. A companion report, "Military Department Headquarters Staff Reductions," details DoD's assessments of the Military Departmental headquarters staffs and the actions taken by each of the Military Departments to reduce their Departmental headquarters staffs.

Department of the Army

Reductions were taken in a number of small steps, reflecting specific Army efforts to increase management efficiency.

Between FY 1989 and FY 2002, total Army headquarters staffs have been reduced by 44 percent, while the Army budget has fallen by 33 percent. **{Between FY 1999 and FY 2005, headquarters staffs will be reduced another 5 percent. These reductions will come largely out of the Army functional commands, which will be reduced 12 percent.}**

One significant initiative began with the l993 Transformation Study, which led to a consolidation of budget functions and information management support services. This initiative decreased HQDA manpower as well as staffs in the field operating agencies and the staff support agencies. The HQDA reduction was primarily obtained by consolidating a number of installation management offices into a new office, the Assistant Chief of Staff for Installation Management, and by consolidating a number of information management offices into an information management support center. Another initiative that contributed to HQDA staff reductions was the Reinventing Government effort. It focused on reducing the cost of government operations, increasing privatization, and improving the processes for determining joint requirements.

The most significant effort to reorganize the Army headquarters began in May l995 when the Army initiated a Headquarters Redesign Functional Area Analysis. This effort was tied to a January l995 joint initiative of the Secretary of the Army and the Chief of Staff to redesign the headquarters and functional commands throughout the Army. The Army has made a number of changes in its field organizations as a result of the study. The most significant of these are:

- The Army Recruiting Command (USAREC) has been shifted in status from that of a major command to that of a subordinate command under the Army Training and Doctrine Command. This change was designed to facilitate better coordination between the recruiting process and the training process.

- The Army Space and Strategic Defense Command, a field operating agency of HQDA, has been converted to an Army Component Command in support of USSPACECOM.

- The Information Systems Command has been inactivated. Its headquarters has been eliminated and the functions of the Command have been transferred to other organizations. The operational mission has been transferred to FORSCOM; functional and technical responsibilities have been transferred to the Training and Doctrine Command and the Army Materiel Command.

- Two Army test organizations, the development test organization and the operational test organization, have been combined into one organization that will be called the Army Test Command.

- The Army is conducting a pilot project to convert most ROTC instructors from active duty officers and non-commissioned officers to contractors who are retired military personnel. This may allow the Army to return about 1400 active duty spaces to the operational force while improving the level of training in the ROTC program.

The Navy Department

Beginning in the early 1990s, Department of the Navy identified a significant number of initiatives that would reduce its management headquarters staffing. The Navy Secretariat, as well as the staffs of the Chief of Naval Operations and the Commandant of the Marine Corps will reduce headquarters staffs by one-third from the end of FY 1989 through FY 2005.

During the same period, the Chief of Naval Operation's staff reorganized to improve integration across warfare areas and with the Marine Corps in an effort to develop the Navy program. At the same time, the Marine Corps Commandant's staff completed a similar reorganization. The Department of the Navy also developed a strategic concept for the Navy and Marine Corps, redesigned the programming process to integrate further the thinking of the two Services and the Secretariat and made the decision to collocate related Navy and Marine Corps staff elements.

As part of the reorganization of civilian personnel management activities throughout the Department of the Navy, the Office of Civilian Personnel Management, which had reported to the Assistant Secretary for Manpower and Reserve Affairs, was abolished. Some positions were moved to the new Navy-wide regional service centers, but 160 positions were eliminated.

Additionally, the Navy completed a major review of Secretariat and Service staffs. As a result of this review, the Department of the Navy abolished, reengineered, or downsized several areas. The major ones are described below:

- Information Management. The Department of the Navy abolished the Naval Information Systems Management Center, which reported to the Assistant Secretary for Research, Development, and Acquisition. A few billets were transferred outside of Departmental headquarters, but 144 billets were eliminated.

- International Acquisition Programs: Reorganization of management of foreign military sales and related programs reduced 49 billets.

- Audits: From FY 1995 to FY 1998 Naval Audit Service reduced the size of headquarters staff by eight percent. The Audit General and the

Naval Audit Service are examining the possibility of contracting for all or part of the extensive financial audits required by the Chief Financial Officers Ac of 1990 and subsequent related legislation. Since this function is now performed within the government, a formal cost-benefit study under the ground rules of Office of Management and Budget circular A-76 must be conducted. If the study demonstrates that outsourcing is feasible and cost-effective, then the Audit Service might eventually be reduced significantly from its strength when the review began.

- Criminal Investigation: The largest field activity of the Navy Secretariat is the Naval Criminal Investigative Service (NCIS). It has undertaken a thorough review of all its operations and identified numerous opportunities for achieving efficiencies. Examples include:

  - Reducing headquarters staff size by eight percent from FY 1995 to FY 1998

  - Partnering with counterparts in the other Military Departments to share office space and support services

  - Integrating operations with those of the Marine Corps, Criminal Division, saving staff and cost for both

  - Streamlining adjudication operations thereby reducing staffing by fifteen percent.

These actions have allowed NCIS to respond to new demands while reducing personnel and other costs of operations.

Air Force

As with the other two Military Departments, the restructuring of the Air Force has been driven by Goldwater-Nichols and mandated headquarters reductions. In addition, the Air Force undertook significant restructuring to implement new operational concepts. Three restructurings were made in the 1990s: the first was in 1991-1993, the second in 1996, and the third in 1997-1998.

By FY 2005, planned Air Force management headquarter staffs will be 40 percent smaller than they were in FY 1989.

The 1991 restructuring was the most far-reaching; it was designed to prepare the Air Force to engage multiple smaller adversaries while simultaneously supporting diverse tasks worldwide. Organizations at every echelon of management and operations were restructured, from headquarters down to and including operational wings and squadrons. The consolidation resulted in reducing the Air Force's 13 major commands to 9, and eliminating 21 Air Divisions as intermediate headquarters. The restructuring established 16 Numbered Air Forces, growing from the prior 13 Numbered Air Forces. To keep headquarters staffs from growing, the

staffs of the Numbered Air Forces were limited, and their mission focus was tightened.

The Air Force also has targeted significant reductions in its Field Operating Agencies (FOAs). FOAs perform Air Force-wide activities that are beyond the scope of any one MAJCOM.

JOINT MILITARY HEADQUARTERS

The Joint Military headquarters include the Joint Staff, which reports to the Chairman of the Joint Chiefs of Staff, and the nine unified Combatant Commands, identified in Table 4. Beginning in the late 1980s, the Goldwater-Nichols Act and related reform implementing the Packard Commission's recommendations greatly increased the responsibilities of the Chairman and his Joint Staff, as well as those of the Combatant commanders.[4] These organizations have taken on substantial new roles and authority. In addition, to meet emerging security needs, the Unified Command Plan has been modified, adding new commands and increasing the responsibilities of existing commands.

TABLE 4. THE UNIFIED COMBATANT COMMANDS

U.S. Atlantic Command	U.S. Space Command
U.S. Central Command	U.S. Special Operations Command*
U.S. European Command	U.S. Transportation Command
U.S. Pacific Command	U.S. Strategic Command
U.S. Southern Command	

 * Data for the Special Operations Command are reported separately.

The major changes in the Joint Military staffs are described in three subsections below. The implications of these changes for headquarters staffs are summarized in Figure 3.

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[4]   The Goldwater-Nichols legislation and the Blue Ribbon Commission on Defense Management (hereafter referred to as the Packard Commission) both came to fruition in 1986. The President directed implementation of most of the recommendations of the Packard Commission in National Security Decision document 219 (NSDD 219) in mid-1986. Goldwater-Nichols became effective on 1 October 1986.

The roles and responsibilities of the Chairman of the Joint Chiefs of Staff were greatly expanded. The additional roles include: (1) Principal Military Adviser to the President, the NSC, and the Secretary of Defense; (2) responsible for directing the Joint Staff; (3) develops fiscally constrained strategy/forces; (4) prepares a Joint Military Net Assessment; (5) acts as spokesman for the CINCs; (6) oversees activities of the CINCs for the NCA; (7) serves as channel of communications between the NCA and the CINCs; (8) prioritizes requirements of the CINCs; (9) advises the Secretary of Defense on priorities of CINCs; (10) reviews POMs to verify that the CINCs' requirements are being supported; and (11) assesses military requirements for acquisition programs.

The staffs of the Joint Military headquarters grew in the early 1990s as the result of the growth of the Special Operations Command (SOCOM). Initially, SOCOM was allocated a staff of about 1100. Its staff grew by about another 475 by the middle of the decade. This increase is reflected in the trends shown in Figure 3. The headquarters staffs of the remaining CINCS remained roughly constant over the decade. The Joint Staff has experienced a steady downward trend.

Despite their broader responsibilities and the increased complexity of the issues, reductions have been, and continue to be, made in elements of the Joint Staff and CINC headquarters. Reductions taken and planned will reduce the Joint Staff from the Goldwater-Nichols ceiling of 1627 to 1236 by FY 2005, a total of 23 percent. Over this period, the CINCs are planning will reduce their staffs of about 4 percent (excluding SOCOM as discussed below). These changes are discussed in the following subsections.
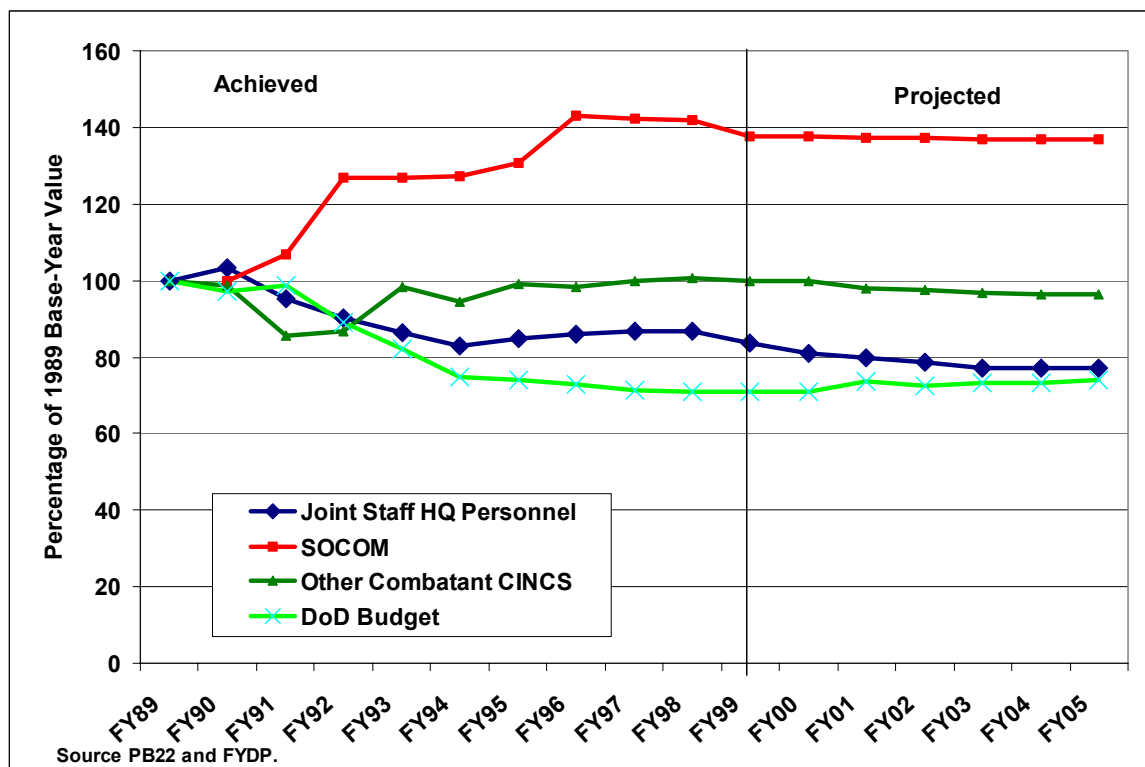*Everything should be 89 to 02, need to know the baseline*

FIGURE 3. TRENDS IN JOINT MILITARY HEADQUARTERS STAFFING

The Chairman of the Joint Chiefs of Staff and the Joint Staff

The Joint Staff has taken on a wide range of additional responsibilities over the last decade (Table 5). Goldwater-Nichols shifted responsibility for providing military advice from the corporate Joint Chiefs of Staff to the Chairman of the Joint Chiefs of Staff. The Chairman is now the principal military advisor to the President, National Security Council, and Secretary of Defense; the Chairman is responsible for providing integrated military advice on strategy and policy and on joint operations. To perform this strengthened role, the Chairman was given control of the Joint Staff.

Goldwater-Nichols also established a third core role for the Chairman: that of providing integrated military advice on joint force development. This role has added significant new activities to be discharged by the Joint Staff, including performing capability assessments on forces, preparing advice on CINC requirements and priorities, advising on Service programs and budgets, assessing requirements for acquisition programs, shaping joint military education and training, and managing Joint officers.

TABLE 5. EXPANDED ACTIVITIES OF THE JOINT STAFF

- **1986**
  - J-7/J-8 activated in 1986-1987
  - Vice Chairman of Joint Chiefs of Staff established with authorized office staff of seven
- **1987**
  - Special Technical Operations established in J-3
  - Special Operations Division established in J-3
  - Medical Support established in J-4
  - Joint Officer Management Office established in J-1
  - Joint Education Division established in J-7
- **1989**
  - Counter Narcotics Operations Division in J-3
  - Arms Control in J-5
  - Conventional Arms Negotiation in J-5
  - Automated Information Security in Directorate of Management
- **1993**
  - CJCS established Joint Warfighting Center
- **1997**
  - Joint Deployment Division in J-4
  - Joint Battle Center and JTAMDO established as CJCS-controlled activities
  - JROC budget issues in support of CINCs
  - Support Agent Re-engineering and Assessment Division in J-8
  - Anti-Terrorism Deputy Directorate established in J-3

The role of the Chairman in joint force development has evolved significantly over the last decade. In the early 1990s, the Chairman delineated the "Base Force," which established the force structure that

served as the foundation for planning and programming. In the middle of the decade, the Joint Warfighting Capability Assessment process was introduced. It provided a mechanism for the Vice Chairman to engage the Joint Staff, Service staffs, OSD, and the CINCs in defining force development requirements and in setting overall programmatic priorities. In 1996, the Chairman took another major step in shaping force development when he issued Joint Vision 2010. It provides the conceptual framework for how U.S. forces will fight in the future and a mid-range vision for force development needs.

Today, the joint military staffs are heavily engaged in the Department's efforts to implement Joint Vision 2010 and the Revolution in Military Affairs. Consistent with Congressional direction, the Chairman and the Joint Staff have become involved in joint experimentation. CINCUSACOM, as the designated lead agent, is developing an organization and plan to conduct a series of joint experiments. To support these responsibilities, five CJCS-controlled activities that have been transferred to the U.S. Atlantic Command: the Joint Warfare Analysis Center, the Joint Command and Control Warfare Center, the Joint Warfighting Center, the Joint C4ISR Battle Center, and the Joint Communications Support Element.

Fulfilling these responsibilities has placed major new demands on the Joint Staff as well as on the CINCs' staffs, entailing a number of organizational changes. The office of the Vice Chairman of the Joint Chiefs of Staff was established by the Goldwater-Nichols legislation to assist the Chairman in the exercise of his expanded responsibilities. The Vice Chairman assumed a major role in the area of Joint Force Development, chairing (for the Chairman) the Joint Requirements Oversight Council (JROC) and representing joint military requirements as a member of the Defense Acquisition Board.

Two new Joint Staff Directorates were also created: the Directorate for Operational Plans and Interoperability (J-7), and the Directorate for Force Structure, Resources, and Assessment (J-8).

The Joint Staff took on other significant missions during this period. The Joint Operations Directorate (J-3) was assigned new roles relating to information operations, counter-narcotics, counter-terrorism, and force protection. There also has been significant new work in the area of arms control, as well as in maintaining unilateral and multilateral military-to-military relationships.

The new responsibilities assumed by the Joint Staff have been staffed by reassigning personnel from other duties. As shown in Table 6, the Joint Staff has shrunk significantly over the last decade. Goldwater-Nichols established a manpower ceiling for the Joint Staff of 1,627. A 1988 manpower survey of the Joint Staff validated these 1,627 billets, although there were internal realignments that reduced support personnel in favor of

additional action officers. The table shows significant manpower actions taken, or planned, from FY 1990 to FY 2005. Reductions are being made through a divestiture of functions and cuts in billets.

TABLE 6. JOINT STAFF PERSONNEL ACTIONS

Year	Action	Strength
1986	Title X ceiling	1,627
1988	Organization and Functions Study	1,627
	Validated (Internal realignment of 36 billets)	
1990-93	OSD 15 percent civilian reduction	
	CJCS 15 percent military reduction	1,403
1994-95	DoD 20 percent reduction	1,327
1995	CORM & JWCA plus-ups	1,375
1997	Counter-Terrorism	1,401
1998-05	DRI reductions	1,236

Unified Combatant Commands

In parallel with the changes being made in the Joint Staff, there were major changes made in the Unified Command Plan. One was the establishment of the U.S. Special Operations Command (SOCOM) in 1990. This new command will be discussed in the next section.. Two other command revisions have also significantly altered headquarters relationships. USTRANSCOM was given increased scope and manpower starting in FY 1988 when the Military Airlift Command , formerly a Specified Command, became a component command of TRANSCOM. In FY 1993, following Desert Storm, the Military Sealift Command, the Air Mobility Command (replaced Military Airlift Command) , and the Military Traffic Management Command were assigned to TRANSCOM in peacetime as well as wartime.

The Strategic Air Command, formerly a Specified Command, was inactivated and STRATCOM was established and was given control of SSBNs, with the Navy's CINCLANTFLT and CINCPACFLT as component commanders. Since Goldwater-Nichols, the organizational trends are to consolidate and integrate new roles and missions into the Combatant Commands. This paradigm shift, in addition to the expanded responsibilities and tasks levied by the NCA in support of the National Security Strategy to meet a significantly more dynamic and uncertain world, has caused added, not reduced, workload on staffs of the CINCs.

Other changes that have added, or will add, workload on the staffs of the CINCs include:

- Engagement planning has been added to the CINCs tasks in response to the "Shaping" element of the National Military Strategy.

- The January 1998 revision of the Unified Command Plan expanded the European and Central Commands' strategic and policy planning responsibilities to include 11 new independent states of the former Soviet Union.

- Added space planning and operations tasks were added to the U.S. Space Command's workload in the 1997 revision of the Unified Command Plan.

- The January 1998 Unified Command Plan clarified the U.S. Atlantic Command's role as joint forces integrator, trainer, and mobilizer by adding joint experimentation to ACOM's roles. UCP 99 is expected to add a new role for ACOM in civil support by creating JTF (Civil Support).

- Force protection tasks were added to CINC staffs as a result of the study of the Khobar Towers bombing. The Marshall Center in Europe was transferred to EUCOM in 1993, and the Asian-Pacific Center to PACOM in 1996. While not adding headquarters manpower to the CINCs' staff, the staffs had to assume additional responsibility.

Special Operations Command

The Special Operations Command was created in the late 1980s to focus on new missions. Public Law 99-661, signed by the President on14 November 1986, mandated appointment of an Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (ASD/SOLIC), as well as the creation of a unified Combatant Command for special operations forces (SOCOM) by 15 April 1987. CINCSOC's responsibilities include providing a general reserve of combat-ready special operations forces, ensuring proper training, readiness exercises and deployment planning, validating requirements, and establishing priorities for special forces and commanding selected missions. CINCSOC possesses unique authority among the CINCs to oversee promotion, assignment, retention and professional development of Special Forces. He also has unique responsibilities among CINCs for programming and budgeting (MFP11), execution authority for programs and acquisition authority.

SOCOM was established with a total headquarters staff of about 1,100, which grew to nearly 1,600 in 1998. The staff will be reduced by about four percent by 2003. It must be noted that SOCOM headquarters figures include the management headquarters personnel of its three component commands. This is in contrast with the other unified Combatant Commands, whose component headquarters are reported separately as Service Combatant Commands.

DEFENSE AGENCIES

The Department has aggressively consolidated common DoD-wide support functions into Defense Agencies over the last decade. These consolidations have yielded significant gains in efficiency, both in terms of headquarters management staffs and in terms of the total personnel required to provide functional support in each area. The Defense Agencies have played important roles in both the Defense Management Report and the Defense Reform Initiative. From FY 1989 to FY 2005, the Defense Agencies will have assumed major new functions, and through workforce consolidation take responsibility for 30 percent more DoD personnel, while reducing their headquarters staffs by 22 percent.

There currently are fourteen Defense Agencies and six field activities. They provide a wide range of support functions (Table 7).[5]

TABLE 7. THE DEFENSE AGENCIES AND FIELD ACTIVITIES

Defense Agencies	
Ballistic Missile Defense Organization	Defense Logistics Agency
Defense Advanced Research Projects Agency	Defense Threat Reduction Agency
Defense Information Systems Agency	Defense Commissary Agency
Defense Contract Audit Agency	Defense Finance and Accounting Service
Defense Intelligence Agency	Defense Security Cooperation Agency
Defense Security Service	National Imagery and Mapping Agency
Defense Legal Services Agency	National Security Agency
Field Activities	
DoD Human Resources Activity	Washington Headquarters Services
DoD Education Activity	Office of the Inspector General
Office of Economic Adjustment	Defense Health Program*

* Defense Health Program (DHP) staff numbers are included with Service headquarters.

This section briefly reviews DoD's management initiatives involving the Defense Agencies, and provides four representative examples of what has been accomplished.

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[5] This section uses the term Defense Agencies to encompass the Field Activities indicated in Table 7. These activities are typically small, and in total account for roughly 10 percent of the headquarters staffs discussed in this section.

Figure 4 traces Defense Agency personnel trends. In the early 1990s, large blocks of personnel were transferred into the Agencies in order to consolidate common functions there. From FY 1989 to FY 1996, Defense Agency personnel thus grew about 65 percent – an addition of about 50 thousand workers to a peak of about 136 thousand employees. Two new Agencies were created: The Defense Finance and Accounting Service (DFAS) consolidated financial management functions; The Defense Commissary Agency (DeCA) consolidated the management of the DoD commissary system. In addition, there were major transfers of logistics functions and staffs from the Military Departments to the Defense Logistics Agency.
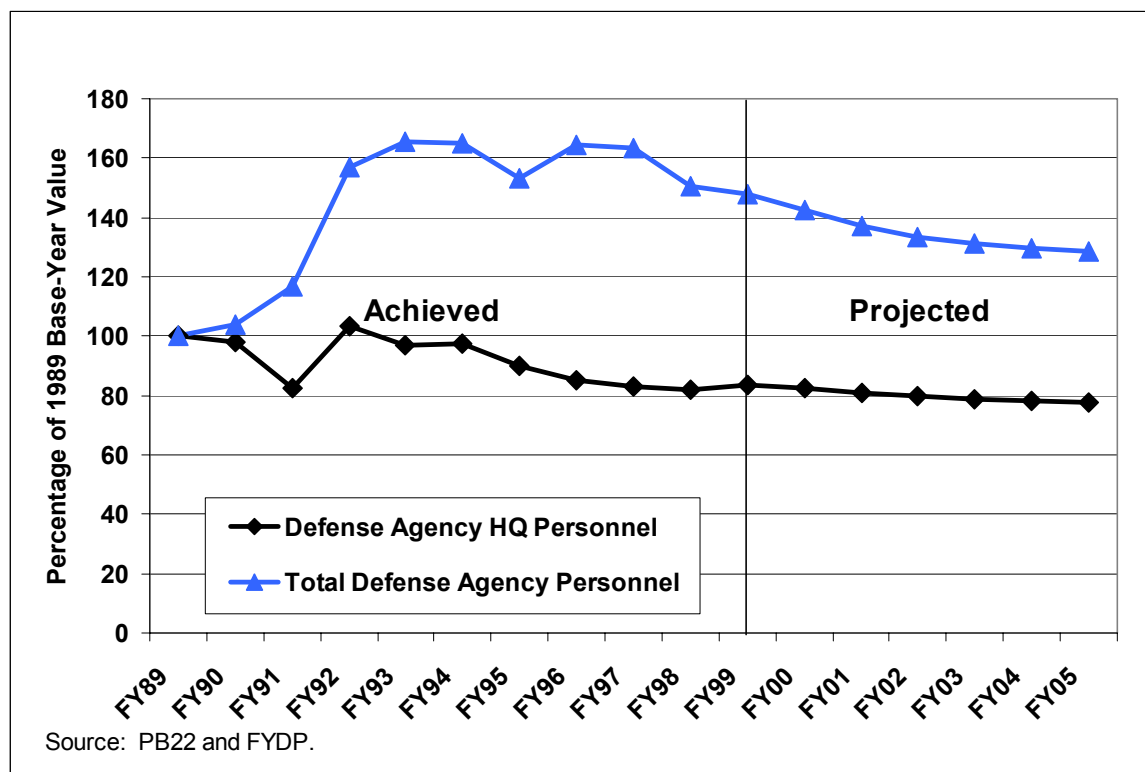
FIGURE 4. TRENDS IN DEFENSE AGENCY AND FIELD ACTIVITY PERSONNEL

Thanks to the economies achieved through consolidation and other management innovations, the Defense Agencies are performing a broader range of functions while requiring far fewer people. In FY 1999, the Defense Agencies employ about 123 thousand, and collectively spend over 10 billion dollars annually. Under the DRI, total Defense Agency staffing authorizations will be reduced to about 106 thousand by FY 2005.

The large gap in Figure 4 between total personnel growth and the generally declining headquarters personnel trend is dramatic evidence of the savings

the Agencies have realized in the employment of headquarters personnel. While total Defense Agency personnel grew by 65 percent from FY 1989 to FY 1996, the Defense Agencies reduced their headquarters staffs from nearly 5,500 to under 4,700 – a reduction of 15 percent. From this peak level, the DRI plans to reduce Defense Agencies headquarters staffs to about 4,250 by FY 2005.

Total headquarters staffs are programmed to remain roughly stable, even though workloads will continue to grow. For example, workloads are being added through the divestiture to the Agencies of operational management tasks that were being performed in the Office of the Secretary of Defense.

Defense Agencies are also assuming added workloads associated with spearheading new business practices. These include defense acquisition reform, financial management reform, travel reengineering, electronic catalogs and commerce, prime vendors for maintenance, repair and operating materials, paper-free systems for logistic support, and the use of credit cards for small purchases. Moreover, many of the advanced business practices being introduced at the Defense Agencies tend to shift the relative balance of workloads from hands-on touch labor to information-management work performed in headquarters.

The role of the Defense Agencies in management reform is strengthened by the oversight they receive from the Defense Management Council, a senior DoD body created by the Defense Reform Initiative. It will support the Defense Agencies in adopting new, innovative, and more efficient ways to accomplish their missions and oversee their activities in a coordinated fashion. Duties of the Council include:

- Negotiating performance "contracts" with the heads of Defense Agencies and monitoring their performance against those contracts.

- Monitoring Agency progress in implementing needed business changes.

- Monitoring progress in implementing A-76 private-sector competitive evaluations.

- Identifying additional opportunities for consolidation of management headquarters activities.

- Consulting with business leaders to identify new solutions to management problems.

A brief review of the initiatives taken in four of the largest Defense Agencies illustrates the Department's achievements in consolidating support activities. These are the Defense Information Systems Agency, the Defense Commissary Agency, the Defense Finance and Accounting Service, and the Defense Logistics Agency. They account for 73 percent of total Agency personnel (FY 1999). Trends are presented in Table 8 for each of these Agencies. (Appendix Table B provides complete headquarters staff data for the Defense Agencies and Field Activities.)

Table 8. Defense Agency Personnel Trends

	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Total DISA Personnel	4,540	4,491	4,658	6,805	7,483	10,843	9,843	10,000	9,010	8,323	8,539	8,470	8,335	8,199	8,172	8,172	8,172
DISA HQ Personnel	344	350	461	325	331	339	294	342	325	287	281	281	281	280	280	280	280
Total DISA Personnel Trend	1.00	0.99	1.03	1.50	1.65	2.39	2.17	2.20	1.98	1.83	1.88	1.87	1.84	1.81	1.80	1.80	1.80
DISA HQ Personnel Trend	1.00	1.02	1.34	0.94	0.96	0.99	0.85	0.99	0.94	0.83	0.82	0.82	0.82	0.81	0.81	0.81	0.81
HQ as percent of total personnel	7.6%	7.8%	9.9%	4.8%	4.4%	3.1%	3.0%	3.4%	3.6%	3.4%	3.3%	3.3%	3.4%	3.4%	3.4%	3.4%	3.4%
Total DeCA Personnel				23,718	21,056	22,038	20,283	17,458	16,817	17,051	16,720	16,466	15,820	15,820	15,820	15,820	15,820
DeCA HQ Personnel				370	372	442	439	323	319	243	243	243	243	243	243	243	243
Total DeCA Personnel Trend				1.00	0.89	0.93	0.86	0.74	0.71	0.72	0.70	0.69	0.67	0.67	0.67	0.67	0.67
DeCA HQ Personnel Trend				1.00	1.01	1.19	1.19	0.87	0.86	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
HQ as percent of total personnel				1.6%	1.8%	2.0%	2.2%	1.9%	1.9%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Total DFAS Personnel			11,156	10,883	26,002	26,531	24,814	23,875	22,311	20,396	20,299	19,011	18,079	17,308	16,589	16,314	16,081
DFAS HQ Personnel			190	252	441	335	406	393	396	411	425	417	409	403	395	395	395
Total DFAS Personnel Trend			1.00	0.98	2.33	2.38	2.22	2.14	2.00	1.83	1.82	1.70	1.62	1.55	1.49	1.46	1.44
DFAS HQ Personnel Trend			1.00	1.33	2.32	1.76	2.14	2.07	2.08	2.16	2.24	2.19	2.15	2.12	2.08	2.08	2.08
HQ as percent of total personnel			1.7%	2.3%	1.7%	1.3%	1.6%	1.6%	1.8%	2.0%	2.1%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%
Total DLA Personnel	53,567	57,892	57,581	66,534	62,475	58,258	53,482	51,329	50,710	46,205	44,253	41,682	39,679	37,912	36,710	35,666	34,746
DLA HQ Personnel	2,418	2,401	966	1,654	1,560	1,236	1,222	1,141	1,018	1,025	967	922	896	875	854	835	813
Total DLA Personnel Trend	1.00	1.08	1.07	1.24	1.17	1.09	1.00	0.96	0.95	0.86	0.83	0.78	0.74	0.71	0.69	0.67	0.65
DLA HQ Personnel Trend	1.00	0.99	0.40	0.68	0.65	0.51	0.51	0.47	0.42	0.42	0.40	0.38	0.37	0.36	0.35	0.35	0.34
HQ as percent of total personnel	4.5%	4.1%	1.7%	2.5%	2.5%	2.1%	2.3%	2.2%	2.0%	2.2%	2.2%	2.2%	2.3%	2.3%	2.3%	2.3%	2.3%
Total Defense Agency HQ	83,044	86,364	97,090	130,346	137,372	136,814	127,270	136,457	135,522	124,877	123,004	118,165	113,992	110,939	108,980	107,802	106,751
Defense Agency HQ Personnel	5,482	5,389	4,534	5,676	5,323	5,351	4,932	4,681	4,539	4,479	4,593	4,522	4,434	4,364	4,309	4,286	4,259
Total Defense Agency Personnel Trend	1.00	1.04	1.17	1.57	1.65	1.65	1.53	1.64	1.63	1.50	1.48	1.42	1.37	1.34	1.31	1.30	1.29
Defense Agency HQ Personnel Trend	1.00	0.98	0.83	1.04	0.97	0.98	0.90	0.85	0.83	0.82	0.84	0.82	0.81	0.80	0.79	0.78	0.78
HQ as percent of total personnel	6.6%	6.2%	4.7%	4.4%	3.9%	3.9%	3.9%	3.4%	3.3%	3.6%	3.7%	3.8%	3.9%	3.9%	4.0%	4.0%	4.0%

Source: PB22.

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The Defense Information Systems Agency

The Defense Communications Agency was re-designated the Defense Information Systems Agency (DISA) on June 25, 1991. The Agency's roles were broadened to include information systems management as well as communications. Several major missions were transferred or consolidated in DISA in the early 1990s. From FY 1989 to FY 1996, the Agency more than doubled. During that same period, management headquarters actually declined slightly. Missions added include:

- Defense Information Infrastructure. DISA was designated the central manager of the Defense Information Infrastructure in 1992. This was done to increase interoperability between the Services and the combatant commands, improve security, reduce costs, and improve the quality and consistency of information.

- The Defense Information Technical Support Center was transferred to DISA in order to consolidate the finance and accounting data centers.

- Corporate Information Management (CIM) technical support responsibilities were consolidated in DISA. CIM was aimed at improving DoD's effectiveness and efficiency of business processes by developing standard information systems in common business areas, and by integrating and streamlining business management information systems requirements.

The Defense Reform Initiative is continuing to reduce DISA infrastructure as it is assigned new missions. New missions include managing a new Continuity of Operations facility. DISA also was made responsible for providing command, control, and communications support for U.S. counter drug efforts. Other added missions include:

- Defense Technical Information Center (DTIC). DISA has been assigned responsibility for supervision and management of DTIC.

- DISA is studying the feasibility of opening functions to competition with the private sector. (DRID #3)

- Joint Spectrum Center (JSC). DISA is responsible for establishing an office of spectrum analysis and management, and a Joint Spectrum Center. DISA will coordinate joint spectrum matters, and assist the OASD C3I in strategic spectrum planning. (DRID #31 and DRID #38)

Despite the addition of new responsibilities, DISA will reduce personnel by about 9 percent from FY 1997 to FY 2005. Over the entire period from FY 1989 to FY 2005, total DISA personnel grew by about 80 percent due to the functions added over the period. Over this period, headquarters staffs were actually reduced by about 20 percent.

The Defense Commissary Agency (DeCA)

DoD formed DeCA in October 1991 to unify the four separate military commissary systems of the Army, Navy, Air Force, and Marine Corps in order to reduce redundant support functions and to achieve economies such as are available to large grocery chains. The establishment of DeCA consolidated DoD commissary management headquarters, resulting in a major reduction in management headquarters personnel.

The Jones Commission, which initially recommended consolidation of Commissary functions in 1989, estimated that the existing commissary management structure employed about 860 headquarters personnel. The consolidated DeCA was initiated with only 370 headquarters personnel, and the Agency reached its peak strength in FY 1995 at under 450 headquarters personnel. By FY 2005, the headquarters staffs of DeCA are programmed to be reduced to under 250 people. Thus from the pre-consolidation baseline in FY 1989 to FY 2005, the Agency will reduce headquarters staff for this functional area by 70 percent.

In addition to headquarters, the DeCA also consolidated support functions (e.g. bill paying, contracting and ADP services) and central distribution centers, and incorporated commercial practices such as centralized buying, just-in-time inventory, regional sales planning, and electronic ordering and billing.

The new streamlined DeCA organization now supports annual sales of over $5 billion, and continues to be highly valued by military personnel. DeCA is an excellent example of the management initiatives taken within DoD over the last decade.

The Defense Finance and Accounting System (DFAS)

DFAS was chartered in July 1990 and activated on January 15, 1991 to be the central agent within the Department of Defense for standardizing policy under a single DoD Financial Management Regulation, and for consolidating finance and accounting organizations. DFAS assumed missions that had been performed by over 31,000 personnel. By FY 2005, DFAS employment will be reduced to about 16,000 – a total reduction of about 48 percent.

Six separate Service and agency finance and accounting centers were brought under DFAS control by the mid 1990s. By standardizing systems, consolidating finance and accounting operating locations, and implementing more modern technologies, DFAS significantly reduced the cost of finance and accounting operations and improved responsiveness and the quality of services.

DFAS has consolidated 338 defense finance and accounting offices into a structure that today consists of a headquarters, five finance and accounting centers, and 18 operating locations. DFAS has standardized systems for payroll and debt management and has eliminated 215 separate DoD accounting systems. Under the Defense Reform Initiative, DFAS is being given responsibility for several new activities. Among these: it will assume responsibility for the oversight, control, and management of the day-to-day operations of the Department of Defense Overseas Banking Program, which was previously carried out by the Under Secretary for Defense (Comptroller). It will also assume management responsibility for several business reform initiatives. These include the International Merchant Purchase Authorization Card (IMPAC); the DoD Credit Card Program; the Department's travel card program; and the DoD Leadership and Management Program.

DFAS headquarters staffing has remained relatively stable, about 400 people, since the mid 1990s. Headquarters staff have supported the introduction of new automated systems, and they have managed the consolidation and re-engineering of Agency operations. Headquarters staff workloads have also been increased by the new responsibilities noted above.

The major efficiencies achieved by DFAS provide a good case study illustrating the role that headquarters staffs can play in reducing total Agency costs. While headquarters staff has not been reduced, it has remained relatively small, and has led the introduction of new approaches that have yielded major savings in personnel and operating costs in this functional area.

The Defense Logistics Agency (DLA)

DoD has significantly expanded the mission of DLA in the 1990s, and did so while reducing headquarters staffs and total DLA personnel. In the early 1990s, DLA personnel grew as more functions were consolidated within the Agency. From FY 1989 to FY 1992, DLA staff increased by 24 percent. Since FY 1992, the Agency has continually reduced personnel and headquarters staffs – even as additional new functions have been added. From FY 1989 to FY 2005, DLA personnel will have been reduced by 35 percent. Over the same period, DLA headquarters staff will be reduced 66 percent.

The following examples illustrate the kinds of new functions assumed by DLA.

- The Defense Contract Management Command was established under DLA in February 1990 and consolidated most of DoD's contract administration services under a single organization. Nearly 5000 Service personnel performing contract administration services were

transferred to DLA. The consolidation reduced or eliminated Service personnel performing these functions; locations also were consolidated: DLA has eliminated nine regional management headquarters offices, reduced District offices from six to three, and reduced contract administration offices from 123 to 70.

- Materiel distributions functions were consolidated under DLA beginning in 1990. Thirty supply and distribution depots were brought under DLA by 1992. The consolidation resulted in over 16,000 personnel being transferred to the Agency from the Services, with no increase in management headquarters personnel. Since the consolidation, the Agency has reduced the number of supply and distribution depots from 30 to 22.

- Inventory control points were partially consolidated under DLA, along with the transfer of responsibility for 980,000 consumable items and associated cataloging tasks. DLA now manages nearly 93 percent of the total DoD consumable items. The transfer allowed the Services to consolidate their remaining inventory control points (ICPs). The Army reduced the number of ICPs from six to two; the Air Force from five to four; and the Navy consolidated all its cataloging activities into two ICPs. Since the transfer, DLA has reduced its ICPs from six to four. DLA is continuing to take on new missions assigned to it through the Defense Reform Initiative. These, too, will be consolidated and managed with no increase in headquarters staffs.

- Defense Property Accountability System (DPAS). DLA has assumed responsibility for oversight, control, and management of day-to-day operations. When fully operable, DPAS will provide financial control and generate information to account for most of the government-owned property, plant, and equipment under DoD. (DRID #19)

- DLA's Defense Energy Support Center has been expanded to include the consolidation of the Department's regional energy efforts of total energy management and the privatization of utility-related infrastructure. (DRID # 21)

- All Defense Automated Printing Services (DAPS) were consolidated in DLA in FY 1997. This entailed the transfer of 2000 personnel from the Navy. Since the transfer, DPAS business regions have been reduced from 8 to 4 and printing service facilities have been reduced from 350 to 297. (DRID # 21)

- Cataloging functions were consolidated in DLA in FY 1997. Approximately 700 personnel will be transferred from the Services to DLA in FY 2001.

DoD has achieved significant efficiencies through the transfer and consolidation of functions to the Defense Agencies under the Defense Management Reforms and the Defense Reform Initiative. The Agencies

headquarters staffs have been reduced, even though they have undergone a major expansion in their roles. The Agencies are leaders in introducing modern business practices, and are providing needed leadership in promoting innovation and change throughout the Department. While there is more to be done, the Department has made excellent progress in achieving the efficiencies in support operations expected by Congress and the public.

OFFICE OF THE SECRETARY OF DEFENSE

The Office of the Secretary of Defense (OSD) was established to provide the Secretary with a staff that could assist him in carrying out his duties and responsibilities under the National Security Acts of 1947 and 1949. The Secretary's staff has expanded and evolved over time in response to various legislative changes, as well as to the managerial styles of successive Secretaries of Defense. Over the last decade, the staff has been realigned in response to many of the same factors as outlined for the other categories of headquarters in earlier sections. Goldwater-Nichols and related legislation established the Under Secretary of Defense for Acquisition (later changed to Acquisition and Technology), and instituted new chains of command in the acquisition community. OSD also has significantly realigned staffs to meet emerging challenges by reassigning staffs from Cold War functions. By FY 2005, OSD staffs will be reduced 26 percent relative to FY 1989 levels.

OSD is divided into five main functional areas headed by the following senior officials: (1) Under Secretary for Acquisition and Technology, (2) Under Secretary for Personnel and Readiness, (3) Under Secretary for Policy, (4) Under Secretary (Comptroller and Chief Financial Officer), (5) Assistant Secretary for Command, Control, Communications, and Intelligence.

Figure 5 shows that the OSD staff grew slightly in the early 1990s, and remained relatively stable through the middle of the decade. During this period, the Secretary used his staff to provide leadership in strategic assessments and in evolving the three foundations of strategy outlined in the introductory section of the report. As forces were drawn down, the OSD staff took the lead in formulating transitional programs and policies for military and civilian personnel.

The Secretary's staff also took the lead in key engagement and cooperative security initiatives, including, for example, the Warsaw Pact (Partnership for Peace) initiative. OSD and the Department generally have been adapting structures and processes to implement innovative new acquisition practices, which have led to overall reductions in the acquisition workforce. Without a strong headquarters staff, progress would have been hampered.
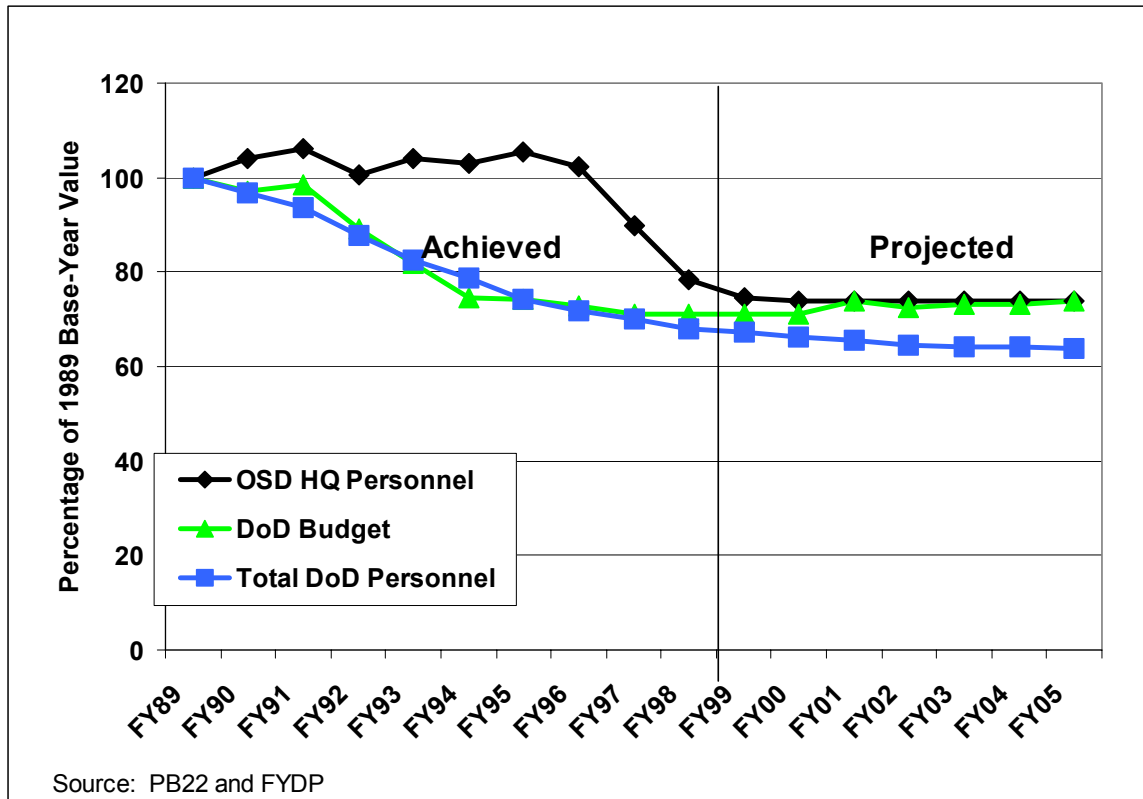
FIGURE 5. OSD PERSONNEL AND BUDGET TRENDS

The workload on the OSD staff has remained extraordinarily high throughout the transitional period of the 1990s. Significant reductions have been made in the staff, however. The OSD staff was reduced by one-third from 1996 to 1999. These reductions were achieved through the Defense Reform Initiative.

A major objective of the Defense Reform Initiative (DRI) has been to return the focus of OSD to its historical core functions. The Secretary has refocused his staff on corporate-level tasks regarding the higher level purposes and priorities of the Department, and on the corporate oversight of its operating components. There are three central principles in the Defense Reform Initiative that are guiding the reorganization:

- Department headquarters should be flexible enough to deal with future challenges.

- OSD should focus on corporate-level tasks rather than the day-to-day management of subordinate activities.

- Operational management tasks previously performed by OSD should be shifted to the lowest appropriate level.

Day-to-day program management tasks are being moved from OSD to appropriate DoD components. Some personnel are being reassigned to

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operational activities, but about half the staff reductions in OSD are being made through cuts in total headquarters personnel.

OSD divested a number of other day-to-day program management activities across a range of areas. As described in the preceding section, the Defense Agencies are taking on many of these functions. They are taking advantage of the consolidations to implement reforms and achieve efficiencies. Several additional divestitures are noted here.

1. Transfer from DUSD (Space) responsibility for management of technical development and acquisition programs and activities concerned with space systems and space integration to the Military Departments and other activities.

2. Transfer of the Nuclear Command and Control System function and the resources and support staff to the U.S. Strategic Command (USSTRATCOM) from the Assistant Secretary of Defense (C3I).

3. Transfer of chemical weapons demilitarization functions under the USD(A&T), along with personnel and resources, to the Secretary of the Army. The Secretary of the Army was directed to streamline and consolidate the staffs performing these functions.

4. The day-to-day management and operation authority of the Defense Commissary Agency (DeCA) was devolved from USD(P&R) to the Commissary Operating Board (COB) composed of representatives of the Secretaries of the Military Departments. The Board will be accountable to the USD(P&R) and to the Secretary of Defense.

To accommodate consolidation and streamlining in other areas, the Department has created a new Agency – the Defense Threat Reduction Agency – and it has substantially expanded the mission of the Defense Security Assistance Agency and renamed it the Defense Security Cooperation Agency.

The Defense Threat Reduction Agency (DTRA)

The DRI established the Defense Threat Reduction Agency to take over some OSD functions and to consolidate existing Defense Agencies with related functions. This will provide greater focus on plans and programs to reduce the threat from nuclear, biological, and chemical (NBC) weapons. The consolidation included the On-Site Inspection Agency, the Defense Special Weapons Agency, the Defense Technology Security Agency, and certain functions of the Assistant to the Secretary of Defense for NBC defense programs. DTRA will provide the technological, operational, and intellectual core capabilities for the Department's weapons of mass destruction (WMD) expertise and a more effective and efficient response to new WMD challenges.

The Defense Security Cooperation Agency (DSCA)

Another consolidation of related functions was accomplished in the security assistance area. The Defense Security Assistance Agency was re-designated as the Defense Security Cooperation Agency (DSCA) on 20 May 1998 to better reflect the Agency's diverse functions. Several missions were divested from OSD; this will considerably expand the Agency's traditional security assistance missions.

- Humanitarian Assistance and Humanitarian De-mining Programs. Program management and implementation functions were transferred from the Under Secretary of Defense (Policy). The transfer consolidates program management and resources for these programs under a single program manager and capitalizes on the expertise of the DSCA staff. USD(P) will retain policy oversight (DRID #12).

- Warsaw Initiative (Partnership for Peace) program management functions were transferred from the Office of the Under Secretary of Policy (DRID #34).

- Armaments Cooperation Programs, Export Loan Guarantee Program, and Foreign Cooperative Testing (FCT), along with their associated personnel and resources, were transferred from the Office of the Secretary of Defense and the USD(A&T) (DRID #40).

During the transitional decade of the 1990s, each Secretary of Defense has relied on the staff of the Office of the Secretary to assist in developing the strategies, forces, and support infrastructure needed to meet new security challenges. The staff of the Office of the Secretary of Defense has provided an important agent for change across the broad spectrum of the Secretary's responsibilities. It supported several successive rounds of strategy reviews; it established and fostered new engagement programs; and it spearheaded a range of needed management improvements.

The divestitures made under the DRI are providing a tighter focus on corporate leadership responsibilities. A well-focused OSD staff is essential to assist the Secretary in exercising his leadership responsibilities. This has been the goal and the result of the Defense Reform Initiative.

ALTERNATIVE HEADQUARTERS REDUCTION SCENARIOS

The preceding four sections have outlined the initiatives DoD has taken to realign and streamline headquarters staffs. By FY 2005, these actions will reduce DoD headquarters staffs by 35 percent relative to FY 1989 levels. Headquarters staffs are being reduced roughly in proportion to the decline in defense budgets and total personnel. These reductions are consistent with the Department's assessment of headquarters missions and workloads. The Department will continue to press for further cuts where appropriate.

This section develops alternative reduction scenarios that would meet the existing Congressional mandate that the Department of Defense reduce management headquarters staffing to 75 percent of its FY 1997 level by FY 2002. The Congressional mandate would require reductions in headquarters staffs by ten percentage points more, on average, than under the current DoD plans. (Where DoD plans will reduce headquarters staffs by 35 percent from FY 1989 to FY 2005, the Congressional mandate entails a 45 percent reduction over this period.)

In devising these alternatives, the Department was hard-pressed to identify specific reduction options that could be presented. Cuts that further reduce the Unified and Service Combatant Commands would do irreparable harm to operational readiness. As noted early, operational tempo is high. At the same time, there are persistent regional threats that must be countered and emerging new threats that must be addressed. Capable combatant and functional command are needed. The nation can ill afford to further degrade these staffs at this juncture. On the other hand, efforts to protect these staffs would deepen the cuts required in organizations responsible for developing future forces. This will undermine efforts to recruit and train forces, and to implement the Transformation Strategy. It would also limit leadership for implementing the Revolution in Business Affairs.

The two scenarios that were devised each make across-the-board cuts in headquarters staffs. They differ in that each is based on a different baseline. Table 9 displays the two alternative scenarios and compares them with DoD's current program. The two alternatives are as follows:

- Alternative 1 reduces each category of headquarters by 25 percent relative to FY 1997 levels. This alternative would meet the reduction provisions stipulated in the legislation by imposing uniform percentage cuts to each headquarters category.

- Alternative 2 reduces each category of headquarters by 16 percent relative to programmed FY 2005 levels. This alternative would meet the reduction provisions stipulated in the legislation by imposing deeper cuts than planned by DoD, while preserving the same relative staff sizes as planned by DoD for FY 2005.

TABLE 9. ALTERNATIVE SCENARIOS AND PLANNED HEADQUARTERS REDUCTIONS

Headquarters Category	FY 1989	FY 1997	FY 2005**		
			DoD Program	Alternative 1	Alternative 2
Military Departments	58,096	38,333	33,521	28,750	28, 279
Joint Staff	1,603	1,391	1,236	1,043	1,043
CINCS	4,949	4,939	4,769	3,704	4,023
SOCOM	- *	1,587	1,529	1,190	1,290
Defense Agencies	5,482	4,539	4,259	3,404	3,593
OSD	2,645	2,376	1,951	1,782	1,645
Total DoD	72,775	53,165	47,265	39,874	39,874

*   SOCOM was not established in FY 1989. Source: PB22 and staff estimates.

**   Alternative 1 column entries = .75 *(FY 1997 column entries);
Alternative 2 column entries = (39,874/47,265) * (FY 2005 Program column entries). This reduces staffs proportionately from programmed levels to meet the alternative total target of 39,874.

The relative impact of these two alternatives across categories of headquarters is illustrated in Table 10. It presents the percentage reductions required between FY 1989 and FY 2005 to meet the Congressional target. Alternative 1 would impose the greatest cuts relative to the DoD program in the categories where DoD has retained relatively larger staffs by making the smallest reductions. In particular, alternative 1 would cut the CINCS by 25 percent relative to 1989 levels -- far more than the four percent the Department is programming. The added reductions for SOCOM are likewise much deeper than the Department has programmed – the alternative cuts would nearly reduce SOCOM to the staffing level it was provided in its first year of operation. The cuts required in the Joint Staff are about fifty-percent greater than programmed. Cuts of this magnitude in Joint Military headquarters are simply unacceptable.

The alternative would also make cuts in Defense Agency headquarters that are 70 percent greater than programmed. As described above, the Agencies are already taking on greater responsibilities while reducing staffs, and such steep additional cuts would be unsustainable.

TABLE 10. FY 1989 – FY 2005 PERCENTAGE HEADQUARTERS STAFF REDUCTIONS

Headquarters Category	DoD Program	Alternative 1	Alternative 2
Military Departments	- 42	- 51	- 51
Joint Staff	- 23	- 35	- 35
CINCS	- 4	- 25	- 19
SOCOM*	+ 37	+ 7	+ 16
Defense Agencies	- 22	- 38	- 34
OSD	- 26	- 33	- 38
Total DoD	- 35	- 45	- 45

Source: PB22 and staff estimates. *SOCOM percentages are relative to FY 1990 baseline of 1,116.

Because alternative 2 maintains the same relative distribution of headquarters staffs as DoD has programmed, this alternative makes somewhat smaller cuts to the CINCs, SOCOM, and the Defense Agencies than does alternative 1. The cost is that under this alternative, nearly 500 more staff must be taken out of the Military Department headquarters and about 140 more out of OSD than under alternative 1. These cuts would seriously jeopardize a range of functions, as described subsequently.

Alternative 1 would be most appropriate *assuming* DoD had reached the optimum assignment of responsibilities among the categories of headquarters by FY 1997, and does not now see any opportunities for reductions that would change the relative balance among the headquarters. Thus, each category shares equally in cuts after 1997. Alternative 2 would be preferred over Alternative 1 *assuming* the relative size of headquarters staffs planned for FY 2005 are optimal, and further cuts should preserve the same relative proportions of total headquarters personnel. In fact, there is no sound basis for mandating either of these alternatives. The current DoD plan is better than either of the alternatives.

Effects of the alternative scenarios on DoD functions

The Department has pushed headquarters reductions aggressively and believes it has made excellent progress in reducing headquarters staffs over the last decade. After a decade of realignments and reductions, the Department has reached the point where all the easy steps, and many of the more difficult ones, have already been taken. If the opportunities existed to make substantially greater cuts without jeopardizing essential functions, the Department would have exploited them. The risk is that mandating

additional reductions now, without examining their implications for mission accomplishment, will push headquarters staffs beyond the breaking point.

The Congressionally mandated cuts would raise the level of headquarters workloads relative to staffing to the highest level in recent history. Using the size of the Defense budget as a measure of headquarters staff workload, DoD's programmed level of headquarters implies a workload in FY 2005 that is already five percent above the highest level seen since FY 1989. (In FY 2005 there will be $5.74 million of Defense budget to be managed, on average, for each headquarters staff position.) Using this measure, imposing the additional reductions implied by the alternatives would make the FY 2005 workload level 25 percent higher than the previous peak. This increased workload jeopardizes DoD's ability to perform essential headquarters functions.

As the analysis of the preceding sections has shown, the Department is managing headquarters by balancing the desire to reap efficiencies against the need to retain essential headquarters functions. Opportunities for reductions have been identified and exploited. However, there are also many functional areas where the workload has gone up. Table 11 provides a summary of the factors driving DoD headquarters workloads.

The first column identifies functional areas where the workload has been reduced. Some functions associated with the readiness of military units have reduced workloads as units have been deactivated and returned from foreign deployments to the United States. Headquarters workloads have also been reduced through support function consolidation and streamlining in several support areas. In the material acquisition area, this has come about through the reduction in the number of ongoing programs that need to be managed.

TABLE 11. FACTORS SHAPING DoD HEADQUARTERS WORKLOAD

Factors Reducing Headquarters Workload	Factors Increasing Headquarters Workload

▪ Force structure reductions & consolidations – but readiness requires sustaining a capable leadership
 	
▪ Force redeployments from overseas – but U.S. remains a global power & leadership must be prepared to address events in many regions.
 	
▪ Support function consolidation (Base and facility consolidation)
 	
▪ Revolution in business affairs & management efficiencies
 	
▪ Budget reductions (fewer acquisition programs)
	▪ Goldwater-Nichols –expands Joint Military responsibilities
	
	▪ Engagement element of strategy
	
	▪ High operational tempo & readiness
	
	▪ Leadership for strategy development and transition management
	
	▪ New or emphasized missions
	
	  -- Counterproliferation – nuclear, chemical, biological
	  -- Counter-terrorism and force protection
	  -- Counter-drugs
	  -- Cyber warfare and information operations
	
	▪ Accountability

Countering these factors that have reduced workloads, a wide range of emerging requirements are placing new workloads on headquarters staffs. As discussed earlier, the Goldwater-Nichols Act has had a profound effect in realigning headquarters roles and responsibilities, placing a wide range of new responsibilities on the Joint Military.

In addition, the changing international security landscape is creating many new challenges. Engagement activities have become key instruments that are implementing the "Shaping" strategy. Headquarters leadership and staffs are fostering and supporting a wide range of bilateral and multilateral international initiatives. Important examples include initiatives involving former Warsaw Pact countries, Russia, and the other new nations emerging from the former Soviet Union. These activities are addressing the threat of proliferation, and creating political-military ties that will help promote stability in these regions. The United States, of course, is maintaining its role in NATO and its commitments in Southwest Asia and Korea.

As noted earlier, high operating tempos are placing significant demands on headquarters staffs. Sustaining Operation Southern Watch concurrently with Operation Allied Force must be accomplished while maintaining readiness for other potential regional contingencies.

The Department has also been required to devote significant resources to address emerging threats. The growing potential for terrorism has created demands to strengthen programs for counter-terrorism and force protection. Counterdrug operations have also been a high priority in recent years. The U.S. has engaged significant efforts toward stopping the flow of drugs into the U.S., as well as toward discouraging crops and processing within source counties. Information assurance represents a dangerous new threat that is being addressed on many levels. Headquarters leadership has been necessary to devise and implement new strategies and tactics to address these missions.

DoD's process of adaptation and change over the last decade has, itself, placed significant workloads on headquarters leadership. Developing the new strategic foundations outlined above has required sustained efforts from headquarters staffs within every DoD component. Implementation of the Transformation Strategy and the Revolution in Business Affairs will require continued leadership. In a time of transition, headquarters leadership is needed to develop a vision and to help set the course for national security programs and policies. Skilled headquarters staffs will be needed to accomplish this.

While it is difficult to quantify the effects of turbulence and uncertainty on headquarters workloads, there is no doubt that these factors have contributed significantly to headquarters workloads. As forces were drawn down, headquarters staffs took the lead in managing change, including formulating transitional programs and policies for military and civilian

personnel. Extensive programmatic and budgetary reviews have been undertaken.

Headquarters staffs have had to coordinate change across component organizations, as well as across the Executive Branch, and with the Congress. DoD remains accountable in all its activities to the Congress and the American public. Many headquarters activities continue to be driven by the ongoing need to provide information and analyses in meeting this responsibility.

As this brief review demonstrates, some factors driving workloads have permitted reductions in headquarters staffs as forces and budgets have been reduced, but the workload in other areas has increased. On balance, workloads have not fallen in proportion to defense budget cuts and the reduction in total DoD personnel. The Department's programmed headquarters reductions – which will cut staffs by 35 percent in FY 2005 relative to FY 1989 levels – will force headquarters staffs to work smarter and harder. The Department is therefore deeply concerned with the potentially very real consequences of further reducing headquarters staffs on a timeline such as laid out in the Congressional mandate. It believes that the current approach to headquarters reductions under the Defense Reform Initiative is able to achieving efficiencies while preserving needed functions.

THE DRI AND HEADQUARTERS MANAGEMENT

The Department is confident that the DRI provides the right framework for addressing the complex defense management challenges facing the Department today. The DRI is an effective, sustained process for assessing and implementing DoD management improvements. It provides the needed framework to implement innovations that will pay long-term dividends. The Department intends to maintain pressure on component organizations to economize on staff resources. But, he also is committed to ensuring that necessary functions continue to be performed, and that the capability is preserved to address emerging security challenges.

The DRI process, along with the normal programming and budgeting processes, will continue to improve the effectiveness and efficiency of all DoD operations. Headquarters staff reductions are one of many specific actions supporting the DRI. The DRI is also modernizing business processes, and using public-private competition to foster efficiencies in areas that are not critical to readiness and warfighting capabilities. The DRI also called for two more BRAC rounds, for 2001 and 2005, and a number of moves to consolidate and restructure the Department of Defense. Through these efforts, the Department will reduce operating costs, and apply the savings to modernize forces and improve the quality of life.

As detailed in this report, appropriate steps are being taken in managing headquarters staffs. Aggressive reductions are being made, commensurate with functions and workloads. After a decade of realignment and downsizing, there is a real risk that mandates for deep additional cuts could stretch headquarters staffs to the breaking point – with severe consequences in terms of operational readiness, and the ability to respond to future crises.

APPRENDIX A

DoD HEADQUARTERS STAFF

DoD Headquarters Staff

	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96
Army Departmental	3,793	3,707	3,802	3,590	3,595	3,451	3,043	3,011
Army Functional Cmds	8,598	8,215	8,201	7,634	6,719	6,260	7,368	6,705
Army Combatant Cmds	6,397	6,603	5,998	5,755	4,570	4,091	1,885	1,774
Army CINCs	1,534	1,570	1,351	1,326	1,341	1,322	1,355	1,359
Army International HQs	2,255	2,224	2,019	2,019	1,733	1,707	1,473	1,475
TOTALS	22,577	22,319	21,371	20,324	17,958	16,831	15,124	14,324
Navy Departmental	4,122	4,099	3,542	3,255	3,000	2,884	2,792	2,667
Navy Functional Cmds	5,728	6,107	6,562	5,886	5,319	5,014	4,684	4,370
Navy Combatant Cmds	5,220	5,258	4,647	5,042	4,393	4,785	4,475	4,546
Navy CINCs	1,762	1,761	1,584	1,596	1,647	1,432	1,568	1,560
Navy International HQs	973	1,008	959	831	763	651	663	706
TOTALS	17,805	18,233	17,294	16,610	15,122	14,766	14,182	13,849
Air Force Departmental	3,671	3,537	3,571	3,453	3,521	3,456	3,567	3,332
Air Force Functional Cmds	6,231	5,675	4,897	4,799	4,024	3,946	4,148	3,913
Air Force Combatant Cmds	10,477	9,688	9,245	7,997	6,844	6,120	6,729	6,446
Air Force CINCs	1,653	1,550	1,310	1,366	1,875	1,922	1,979	1,949
Air Force International HQ	631	618	633	628	604	467	441	449
TOTALS	22,663	21,068	19,656	18,243	16,868	15,911	16,864	16,089
MILDEP Departmental	11,586	11,343	10,915	10,298	10,116	9,791	9,402	9,010
MILDEP Functional Cmds	20,557	19,997	19,660	18,319	16,062	15,220	16,200	14,988
MILDEP Combatant Cmds	22,094	21,549	19,890	18,794	15,807	14,996	13,089	12,766
MILDEP CINCs	4,949	4,881	4,245	4,288	4,863	4,676	4,902	4,868
MILDEP International HQ	3,859	3,850	3,611	3,478	3,100	2,825	2,577	2,630
TOTALS	63,045	61,620	58,321	55,177	49,948	47,508	46,170	44,262
OSD	2,645	2,752	2,808	2,656	2,749	2,729	2,786	2,708
OJCS	1,603	1,657	1,524	1,449	1,383	1,330	1,362	1,380
SOCOM	-	1,116	1,191	1,414	1,416	1,421	1,459	1,598
DEF AGENCIES/ACTIVITIES	5,482	5,389	4,534	5,676	5,323	5,351	4,932	4,681
TOTALS	9,730	10,914	10,057	11,195	10,871	10,831	10,539	10,367
DoD GRAND TOTAL	72,775	72,534	68,378	66,372	60,819	58,339	56,709	54,629

DoD Headquarters Staff

	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Army Departmental	3,023	2,843	2,729	2,723	2,723	2,723	2,723	2,723	2,723
Army Functional Cmds	6,536	6,015	5,917	5,720	5,584	5,450	5,405	5,358	5,322
Army Combatant Cmds	1,903	1,961	1,828	1,905	1,885	1,873	1,870	1,870	1,870
Army CINCs	1,372	1,321	1,321	1,302	1,267	1,275	1,259	1,257	1,257
Army International HQs	1,504	1,473	1,533	1,532	1,533	1,533	1,533	1,533	1,533
TOTALS	14,338	13,613	13,328	13,182	12,992	12,854	12,790	12,741	12,705
									12,705
Navy Departmental	2,535	2,556	2,553	2,541	2,505	2,471	2,444	2,429	2,419
Navy Functional Cmds	4,114	3,877	3,764	3,675	3,556	3,509	3,482	3,478	3,473
Navy Combatant Cmds	4,232	4,015	3,828	3,682	3,653	3,641	3,626	3,617	3,617
Navy CINCs	1,693	1,729	1,688	1,718	1,699	1,688	1,680	1,673	1,673
Navy International HQs	776	783	788	792	792	791	791	791	791
TOTALS	13,350	12,960	12,621	12,408	12,205	12,100	12,023	11,988	11,973
Air Force Departmental	3,203	3,031	2,947	2,859	2,711	2,694	2,668	2,668	2,668
Air Force Functional Cmds	3,904	3,710	3,771	3,616	3,314	3,314	3,303	3,303	3,303
Air Force Combatant Cmds	6,171	5,904	5,828	5,639	5,446	5,397	5,400	5,400	5,400
Air Force CINCs	1,874	1,923	1,933	1,918	1,875	1,868	1,841	1,839	1,839
Air Force International HQ	432	438	421	402	402	402	402	402	402
TOTALS	15,584	15,006	14,900	14,434	13,748	13,675	13,614	13,612	13,612
MILDEP Departmental	8,761	8,430	8,229	8,123	7,939	7,888	7,835	7,820	7,810
MILDEP Functional Cmds	14,554	13,602	13,452	13,011	12,454	12,273	12,190	12,139	12,098
MILDEP Combatant Cmds	12,306	11,880	11,484	11,226	10,984	10,911	10,896	10,887	10,887
MILDEP CINCs	4,939	4,973	4,942	4,938	4,841	4,831	4,780	4,769	4,769
MILDEP International HQ	2,712	2,694	2,742	2,726	2,727	2,726	2,726	2,726	2,726
TOTALS	43,272	41,579	40,849	40,024	38,945	38,629	38,427	38,341	38,290
OSD	2,376	2,072	1,976	1,951	1,951	1,951	1,951	1,951	1,951
OJCS	1,391	1,389	1,343	1,298	1,282	1,263	1,236	1,236	1,236
SOCOM	1,587	1,585	1,534	1,538	1,533	1,533	1,529	1,529	1,529
DEF AGENCIES/ACTIVITIES	4,539	4,479	4,593	4,522	4,434	4,364	4,309	4,286	4,259
TOTALS	9,893	9,525	9,446	9,309	9,200	9,111	9,025	9,002	8,975
DoD GRAND TOTAL	53,165	51,104	50,295	49,333	48,145	47,740	47,452	47,343	47,265

APPENDIX B

DEFENSE AGENCY HEADQUARTERS STAFF

Defense Agency Headquarters Staff

	FY89			FY90			FY91			FY92			FY93			FY94		
	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT
BMDO	130	114	244	130	114	244	130	114	244	130	114	244	34	75	109	34	118	152
DARPA	27	111	138	28	116	144	25	130	155	24	130	154	21	137	158	22	188	210
DCAA	0	104	104	0	107	107	0	101	101	0	106	106	0	102	102	0	93	93
DCI-1	261	688	949	103	754	857	146	930	1076	130	879	1009	108	718	826	111	776	887
DeCA	0	0	0	0	0	0	0	0	0	37	333	370	41	331	372	28	414	442
DFAS	0	0	0	0	0	0	11	179	190	18	234	252	35	406	441	25	310	335
DISA (DCA)	70	274	344	74	276	350	93	368	461	46	279	325	40	291	331	40	299	339
DLA	147	2271	2418	150	2251	2401	94	872	966	137	1517	1654	123	1437	1560	115	1121	1236
DLSA	4	12	16	4	13	17	0	15	15	6	15	21	0	12	12	7	12	19
DoDDE	0	100	100	0	90	90	0	99	99	0	170	170	0	172	172	0	177	177
DSAA	29	94	123	27	100	127	21	94	115	20	106	126	23	100	123	26	89	115
DSS (DIS)	0	167	167	0	156	156	0	141	141	0	146	146	0	125	125	0	130	130
DTRA (DNA, DSWA,DTSA)	57	208	265	56	228	284	78	268	346	59	278	337	79	300	379	54	270	324
AFIS	6	17	23	4	22	26	6	22	28	1	20	21	2	20	22	4	19	23
OEA																		
WHS	111	400	511	112	394	506	71	449	520	256	410	666	77	448	525	75	393	468
DHRA (CPMS)																0	327	327
OIG	1	79	80	1	79	80	0	77	77	1	74	75	0	66	66	0	74	74
TOTAL	843	4639	5482	689	4700	5389	675	3859	4534	865	4811	5676	583	4740	5323	541	4810	5351
Included in the Service numbers																		
DHP (DMSA, DMPA)				425	537	962	452	584	1036	450	575	1025	416	536	952	405	527	932

	FY95			FY96			FY97			FY98			FY99			FY00		
	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT
BMDO	34	122	156	34	142	176	36	144	180	35	158	193	35	212	247	35	212	247
DARPA	20	196	216	20	186	206	0	51	51	19	51	70	18	50	68	18	49	67
DCAA	0	94	94	0	89	89	0	88	88	0	86	86	0	85	85	0	83	83
DCI-1	97	639	736	107	583	690	124	761	885	119	772	891	116	747	863	114	739	853
DeCA	28	411	439	10	313	323	6	313	319	3	240	243	3	240	243	3	240	243
DFAS	32	374	406	32	361	393	28	368	396	33	402	435	31	394	425	31	388	419
DISA (DCA)	39	255	294	61	281	342	53	272	325	47	240	287	51	220	271	61	220	281
DLA	125	1097	1222	126	1015	1141	128	890	1018	136	889	1025	115	852	967	103	819	922
DLSA	6	14	20	3	12	15	4	16	20	11	20	31	11	20	31	11	20	31
DoDDE	0	180	180	0	177	177	1	174	175	0	179	179	0	175	175	0	171	171
DSAA	34	92	126	19	91	110	24	93	117	24	93	117	24	93	117	24	93	117
DSS (DIS)	0	128	128	0	121	121	0	127	127	0	113	113	0	122	122	0	120	120
DTRA (DNA, DSWA,DTSA)	67	254	321	56	257	313	94	244	338	44	206	250	71	304	375	71	304	375
AFIS	4	16	20	4	18	22												
OEA										3	43	46	3	46	49	3	43	46
WHS	98	391	489	74	416	490	74	349	423	120	312	432	81	369	450	81	358	439
DHRA (CPMS)	0	23	23	0	22	22	0	28	28	0	25	25	2	48	50	2	52	54
OIG	0	62	62	0	51	51	0	49	49	1	55	56	1	54	55	1	53	54
TOTAL	584	4348	4932	546	4135	4681	572	3967	4539	595	3884	4479	562	4031	4593	558	3964	4522
Included in the Service numbers																		
DHP (DMSA, DMPA)	415	480	895	406	442	848	343	438	781	356	431	787	353	433	786	350	421	771

	FY01			FY02			FY03			FY04			FY05		
	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT
BMDO	35	205	240	35	198	233	35	189	224	35	189	224	35	189	224
DARPA	18	48	66	18	47	65	18	46	64	18	46	64	18	46	64
DCAA	0	81	81	0	79	79	0	78	78	0	78	78	0	78	78
DCI-1	114	725	839	114	711	825	114	700	814	114	696	810	114	691	805
DeCA	3	240	243	3	240	243	3	240	243	3	240	243	3	240	243
DFAS	29	382	411	27	376	403	25	370	395	25	370	395	25	370	395
DISA (DCA)	60	221	281	59	221	280	59	221	280	59	221	280	59	221	280
DLA	103	793	896	103	772	875 1	103	751	854	103	732	835	103	710	813
DLSA	11	20	31	11	20	31	11	20	31	11	20	31	11	20	31
DoDDE	0	167	167	0	164	164	0	164	164	0	164	164	0	164	164
DSAA	24	93	117	24	93	117	24	93	117	24	93	117	24	93	117
DSS (DIS)	0	117	117	0	114	114	0	111	111	0	111	111	0	111	111
DTRA (DNA, DSWA,DTSA)	71	304	375	71	304	375	71	304	375	71	304	375	71	304	375
AFIS															
OEA	3	40	43	3	31	34	3	31	34	3	31	34	3	31	34
WHS	81	339	420	81	339	420	81	339	420	81	339	420	81	339	420
DHRA (CPMS)	2	52	54	2	52	54	2	52	54	2	52	54	2	52	54
OIG	1	52	53	1	51	52	1	50	51	1	50	51	1	50	51
TOTAL	555	3879	4434	552	3812	4364	550	3759	4309	550	3736	4286	550	3709	4259
Included in the Service numbers															
DHP (DMSA, DMPA)	350	409	759	350	400	750	350	390	740	350	390	740	350	390	740

MAY 1 0 1999

Honorable John Warner
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

As you know, Section 932 of the FY 1999 National Defense Authorization Act (NDAA) requires the Department to submit the following reports:

- Section 904(b) of the FY 1997 NDAA requires the Secretary to submit the results of a review on the size, mission, organization and functions of Military Departments Headquarters staffs.

- Section 911(b) of the FY 1998 NDAA requires the Secretary to submit a report on DoD's plan to reduce management headquarters personnel by 25 percent and make recommendations regarding the revision of the DoD directive on management headquarters and the definition.

- Section 911(c) of the FY 1998 NDAA expanded the duties of the Task Force on Defense Reform to assess duplications, streamline, reduce and eliminate redundancies in DoD management headquarters and requires the Secretary to submit a report on their recommendations.
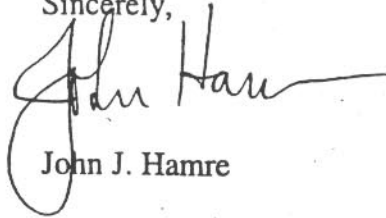
The results of DoD's review on Military Department Headquarters staff, as required under Section 904(b) of the FY 1997 NDAA, was submitted on April 30, 1999. The report requiring recommendations on the DoD directive and definition on management headquarters, as required under the FY 1998 NDAA, was submitted on April 22, 1999. Enclosed is DoD's plan, as required by Section 911(b) of the FY 1998 NDAA, to reduce management headquarters personnel by 25 percent.

Finally, enclosed is a copy of the White Paper on the Defense Reform Initiative (DRI), which was released by the Secretary on November 10, 1997. This White Paper embodied the recommendations of the Task Force on Defense Reform. A key element of the DRI is to set the Department's agenda for the more fundamental changes to DoD's overhead and business practices that are necessary to provide resources for our modernization needs and to keep up with operational innovations over the long term. As you know, the Task Force disbanded after the release of the DRI report. The Defense Management Council continues to look for additional opportunities to streamline and

restructure the Department's management headquarters activities in addition to those efforts identified in the DRI. We believe the 1997 DRI report responds to the requirement under Section 911(c) of the FY1998 NDAA.

I hope the enclosed is responsive to your concerns.

Sincerely,

John J. Hamre

cc: Honorable Carl Levin

Enclosures